

In re:

## Cloud 10 Financial, Inc. and Milo Dante Lewis

**Respondents.**

**ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO IMPOSE FINE AND NOTICE OF RIGHT TO REQUEST HEARING**

The licensing and regulation of loan modification consultants, foreclosure consultants and other persons providing 'covered services' as defined in Nevada Revised Statutes ("NRS") 645F.310 in the State of Nevada is governed by Chapter 645F of NRS and by permanent regulation R052-09 promulgated pursuant thereto (the "Regulation"). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division") has the general duty to exercise supervision and control over covered service providers, foreclosure consultants and loan modification consultants. See Chapter 645F of NRS and the Regulation. Pursuant to that authority, the Division makes the following Factual Allegations, Violations of Law, and Order, as follows:

## **FACTUAL ALLEGATIONS**

1. Based upon information and belief, at all relevant times herein mentioned, Cloud 10 Financial, Inc. ("Cloud 10") was and is a corporation organized and existing under the laws of the State of California with offices located at 10 North California Street, Stockton, California 95202 and 640 Tracey Jean Court, Tracy, California 95377.

2. Based upon information and belief, Milo Dante Lewis ("Lewis") is the sole owner of Cloud 10 and conducted, and continues to conduct, activities on its behalf as a loan

1 modification consultant, foreclosure consultant or covered service provider relating to  
2 properties in Nevada.

3 3. Based upon information and belief, at all relevant times herein mentioned, Cloud  
4 10 and Lewis ("Respondents") advertised services as, provided services of, engaged in,  
5 carried on or held themselves out as engaging in or carrying on, and continue to advertise  
6 services as, provide services of, engage in, carry on or hold themselves out as engaging in or  
7 carrying on, the activities of a loan modification consultant, foreclosure consultant or covered  
8 service provider relating to properties in Nevada.

9  
10 4. Neither Respondent Cloud 10 nor Respondent Lewis has never applied for, or  
11 been issued, a license by the Division as a covered service provider, foreclosure consultant or  
12 loan modification consultant, whether as an independent licensee or as an associated  
13 licensee, pursuant to Chapter 645F of NRS and the Regulation.

14 5. Based upon information and belief, and at all relevant times herein mentioned,  
15 Complainant RPM was the owner of certain real property located at 8407 Kettledrum Street,  
16 Las Vegas, Nevada 89139 ("Property").

17  
18 6. On approximately January 4, 2010, the Division received a written complaint from  
19 Complainant RPM ("Complaint") alleging, among other things, that:

20 a. Between approximately January 2009 and March 2009, Complainant RPM  
21 paid Respondents a total of Twelve Hundred Ninety-Five Dollars (\$1,295.00) to negotiate the  
22 modification of his mortgage loan secured by the Property;

23 b. From approximately January 2009 to December 2009, Respondent Cloud 10  
24 and/or Respondent Lewis offered to provide, or provided, for compensation, services to obtain  
25 a mortgage loan modification for Complainant RPM and/or prevent the Property from going to  
26 foreclosure, or to provide other covered services, as defined in NRS 645F.310, for  
27 Complainant RPM; and  
28

1 c. Respondents failed to provide the loan modification services for which  
2 Complainant RPM had paid Respondents.

3 7. Pursuant to the Regulation, “[w]hether or not a complaint has been filed, the  
4 Commissioner may investigate a licensee or other person if, for any reason, it appears  
5 that...[t]he licensee or other person is offering or providing any of the services of a covered  
6 services provider, foreclosure consultant or loan modification consultant or otherwise  
7 engaging in, carrying on or holding himself out as engaging in or carrying on the business of a  
8 covered services provider, foreclosure consultant or loan modification consultant without  
9 being appropriately licensed or exempt from licensing pursuant to the provisions of this  
10 chapter or chapter 645F of NRS....” See Section 105(1)(b) of the Regulation.  
11

12 8. Pursuant to NRS 645F.310, “covered service” includes, without limitation:

13 1. Financial counseling, including, without limitation, debt counseling and budget counseling;  
14 2. Receiving money for the purpose of distributing it to creditors in payment or partial  
15 payment of any obligation secured by a mortgage or other lien on a residence in foreclosure;  
16 3. Contacting a creditor on behalf of a homeowner; 4. Arranging or attempting to arrange for  
17 an extension of the period within which a homeowner may cure a default and reinstate an  
18 obligation pursuant to a note, mortgage or deed of trust; 5. Arranging or attempting to  
19 arrange for any delay or postponement of the time of a foreclosure sale; 6. Advising the filing  
20 of any document or assisting in any manner in the preparation of any document for filing with  
21 a bankruptcy court; and 7. Giving any advice, explanation or instruction to a homeowner  
22 which in any manner relates to the cure of a default in or the reinstatement of an obligation  
23 secured by a mortgage or other lien on the residence in foreclosure, the full satisfaction of the  
24 obligation, or the postponement or avoidance of a foreclosure sale.  
25

26 9. Pursuant to the Regulation, “[a] person shall not advertise services as, provide any  
27 of the services of, act as or conduct business as a covered service provider, foreclosure  
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1 consultant or loan modification consultant or otherwise engage in, carry on or hold himself out  
2 as engaging in or carrying on the activities of a covered service provider, foreclosure  
3 consultant or loan modification consultant unless the person has a license as a covered  
4 service provider, foreclosure consultant or loan modification consultant, as applicable, issued  
5 pursuant to this chapter and chapter 645F of NRS." See, Section 17 of the Regulation.

6 10. Pursuant to the Regulation, "[i]t is unlawful for any person to provide or offer to  
7 provide any of the services of a covered service provider, foreclosure consultant or loan  
8 modification consultant or otherwise to engage in, carry on or hold himself out as engaging in  
9 or carrying on the business of a covered service provider, foreclosure consultant or loan  
10 modification consultant without first obtaining the applicable license issued pursuant to this  
11 chapter and chapter 645F of NRS, unless the person" is exempt from licensing and complies  
12 with the requirements for that exemption. See, Section 102 of the Regulation.

14 11. After receiving the Complaint regarding Respondents, the Division conducted an  
15 investigation which revealed, among other things, that:

16 a. Both before and after the August 25, 2009 effective date of the Regulation,  
17 Respondents offered to provide, or provided, services to obtain a mortgage loan modification  
18 for Complainant RPM and/or prevent the Property from going to foreclosure or to provide  
19 other covered services, as defined in NRS 645F.310, as evidenced by Respondent Lewis's  
20 written response to the Complaint on February 22, 2010 (a true and correct copy of which is  
21 attached hereto as **Exhibit "A"** and incorporated herein by reference as though set forth in  
22 full), wherein Respondent Lewis admitted that "from Jan [sic] 2009 through December 2009  
23 for the total cost of \$1295," Respondent Cloud 10 worked to modify Complainant RPM's  
24 mortgage loan;  
25

26 b. Respondents failed to provide the loan modification services for which  
27 Complainant RPM had paid Respondents Twelve Hundred Ninety-Five Dollars (\$1,295.00);  
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1 c. Neither Respondent Cloud 10 nor Respondent Lewis has ever applied for or  
2 been issued a license by the Division as a loan modification consultant, foreclosure consultant  
3 or covered service provider (whether as an independent licensee or associated licensee),  
4 pursuant to Chapter 645F of NRS and the Regulation; and

5 d. At all relevant times herein mentioned, neither Respondent Cloud 10 nor  
6 Respondent Lewis was or is exempt from the licensing requirements of Chapter 645F of NRS  
7 and the Regulation.

8 12. Pursuant to the Regulation, "[f]or each violation committed by a person who  
9 engages in an activity for which licensure as a covered service provider, foreclosure  
10 consultant or loan modification consultant is required under this chapter and chapter 645F of  
11 NRS, without regard to whether the person is licensed under this chapter and chapter 645F of  
12 NRS, the Commissioner may impose upon the person an administrative fine of not more than  
13 \$10,000...if the person...[d]oes not conduct business in accordance with law or has violated  
14 any provision of this chapter or chapter 645F of NRS or any order of the Commissioner...[or]  
15 [has offered or provided any services prescribed under this chapter or chapter 645F of NRS  
16 requiring licensure and the person did not have such a license and was not exempt from  
17 licensing at the time the person engaged in the activities...." See, Sections 103(3)(c) and (w)  
18 of the Regulation.

19 13. Pursuant to the Regulation, "[i]f a person engages in an activity in violation of the  
20 provisions of this chapter or chapter 645F of NRS or an order of the Commissioner, the  
21 Commissioner may issue an order directing the person to cease and desist from engaging in  
22 the activity." See, Section 108(1) of the Regulation.

### 23 **VIOLATIONS OF LAW**

24 After investigation, the Division determined that, at all relevant times herein mentioned,  
25 Respondents, and each of them, offered or provided services of a covered services provider,  
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1 foreclosure consultant or loan modification consultant or otherwise engaged in, carried on or  
2 held themselves out as engaging in or carrying on the business of a covered services  
3 provider, foreclosure consultant or loan modification consultant without having applied for  
4 and/or been issued a license by the Division and without being exempt from licensing  
5 pursuant to the provisions of Chapter 645F of NRS or the Regulation, in violation of Chapter  
6 645F of NRS and Sec. 17, 103(3)(c) and 105(1)(b) of the Regulation.

7  
8 **ORDER**

9 **NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS,**  
10 pursuant to Chapter 645F of NRS and Section 108(1) of the Regulation, after having  
11 determined that Respondents offered or provided services of a covered service provider,  
12 foreclosure consultant or loan modification consultant or otherwise engaged in, carried on or  
13 held themselves out as engaging in or carrying on the business of a covered service provider,  
14 foreclosure consultant or loan modification consultant without having applied for and/or been  
15 issued a license by the Division and without being exempt from licensing, in violation of  
16 Chapter 645F of NRS and the Regulation, that **RESPONDENTS, AND EACH OF THEM,**  
17 **IMMEDIATELY CEASE AND DESIST** from the following activities::

18  
19 1. Advertising for and/or soliciting covered services, foreclosure consultant and/or loan  
20 modification consultant business in the State of Nevada without having first received a license  
21 from the Division to conduct such activities; and

22 2. Offering or providing any of the services of a covered service provider, foreclosure  
23 consultant and/or loan modification consultant, or otherwise engaging in, carrying on or  
24 holding themselves out as engaging in or carrying on the business of a covered service  
25 provider, foreclosure consultant and/or loan modification consultant in the State of Nevada for  
26 which they have not received a license from the Division to conduct such activities.  
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1       **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 108(4) of  
2 the Regulation, that upon filing a verified petition with the Division within **twenty (20) days** of  
3 receipt of this Order to Cease and Desist, Respondents, and each of them, shall be entitled to  
4 a hearing with regard to the contents of this Order to Cease and Desist. Each Respondent is  
5 advised, however, that the provisions of this Order to Cease and Desist are effective  
6 immediately upon such Respondent being served therewith, whether or not such Respondent  
7 requests a hearing.

8       **NOTICE TO RESPONDENTS:** If you request a hearing, you are specifically informed  
9 that you have the right to appear and be heard in your defense, either personally or through  
10 your counsel of choice at your own expense. At the hearing, if one is timely requested, the  
11 Division will call witnesses and present evidence against you. You have the right to respond  
12 and to present relevant evidence and argument on all issues involved. You have the right to  
13 call and examine witnesses, introduce exhibits and cross-examine opposing witnesses on any  
14 matter relevant to the issues involved.

15       **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 113(2) of  
16 the Regulation that upon written application to the Division within **twenty (20) days** of the  
17 date of this Order, Respondents, and each of them, shall be entitled to a hearing with regards  
18 to the contents of this Order referenced hereafter. At that hearing the Division will seek to  
19 impose an administrative fine against Respondents, jointly and severally, in the amount of  
20 Five Thousand Dollars and No Cents (\$5,000.00), payable to the Division on account of  
21 Respondents' violations of Chapter 645F of NRS and the Regulation, the Division's  
22 investigative costs in the amount of Five Hundred Forty Dollars and No Cents (\$540.00) as  
23 well as the Division's attorney's fees, if any, incurred herein, to be proven at the hearing.  
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25       **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 103(2) of  
26 the Regulation, that Respondents immediately (a) cancel all contracts, if any, with Nevada  
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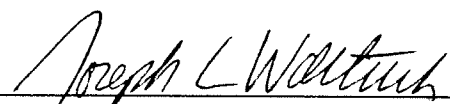
1 homeowners and refund to such homeowners all moneys collected by Respondents from  
2 such homeowners, including, but not limited to, refunding Twelve Hundred Ninety-Five Dollars  
3 (\$1,295.00) to Complainant RPM or (b) obtain the written consent of the homeowners to  
4 transfer their files, moneys and contracts to a licensed, bonded independent licensee, HUD-  
5 approved counseling service or other entity exempt from Chapter 645F of NRS.

6 Should Respondents, or either of them, not timely request a hearing within **twenty (20)**  
7 **days** of the date of this Order; the Division will enter a Final Order in this matter against such  
8 Respondent, as required by Section 113(2) of the Regulation. The Division's Final Order will  
9 require payment by Respondents, jointly and severally, of the administrative fine, the  
10 Division's investigative costs, and the Division's attorney's fees within **thirty (30) days** of the  
11 entry of the Final Order.  
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13 Dated this 4<sup>th</sup> day of May, 2010.

14  
15 State of Nevada  
16 Department of Business and Industry  
17 Division of Mortgage Lending

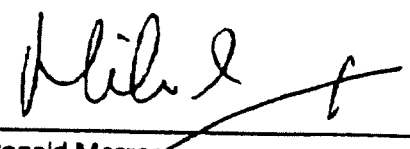
18  
19 By:

  
20 Joseph L. Waltuch, Commissioner  
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# **EXHIBIT “A”**

To: Dan Mckimmey  
Fr: Milo Lewis  
RE: Response to Compliant from Ronald Mccrea

X 

02-22-10

Ronald Mccrea enrolled in our hardship services program in January of 2009. He was referred to me by Attorney Stephen Alpert after his Chapter 7 Bankruptcy was discharged.

He was given a free consultation on January 9<sup>th</sup> 2009 detailing his situation and options. He expressed that he was self employed and expecting high contracts for earnings. I expressed to him that proving his income would be key to saving his home however we could submit his paper work and work with his bank until the income from his big contracts came in.

Mr. Mccrea and I built his strategy plan over the phone that day. Because he enrolled based on future income and his current income situation was tight we *enrolled him in a discounted hardship services program that had a total cost of \$1295.*

Mr. Mccrea paid \$200 on January 15<sup>th</sup> 2009 and paid the remainder of \$1095 before March 2009. We did go to work for Mr. Mccrea and attached with this letter is some of the proof of the packages sent and submitted for his family. He also had Airrial Gates assigned as his hardship file manager in addition to my availability.

**After nearly 5 months of work on behalf of Mr. Mccrea – he still did not have any proof of income. On May 19<sup>th</sup> 2009 Mr. Mccrea sent us an email stating that work has stopped for him he is not expecting any income and to tell him if this is not going to work.**

We then reiterated to Mr. Mccrea that without income we could not ask the bank to modify the home however we would still help him with other strategies. We also reminded him if he gets the income he said he would have on his initial consultation back in January we could resubmit the package.

This honest but tough conversation made Mr. Mccrea angry and he had been very harassing and hostile ever since. In October 5<sup>th</sup> 2009 he sent me an email apologizing for his behavior and stating he did not want me to be considered for nay wrong doing.

He sent other emails after that.

We worked for Mr. McCrea from Jan 2009 through December 2009 for the total cost of \$1295. The modification did not result because his projected income was never realized.

We worked hard for his family and feel we did nothing but serve Ronald McCrea's best interest.

Attached with this response are some of the emails that Mr. Mccrea sent us. Also attached is proof of the work we did for his family.

RECEIVED

FEB 22 REC'D

Mortgage Lending Division



JIM GIBBONS  
Governor

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF MORTGAGE LENDING

7220 Bermuda Road, Suite A  
Las Vegas, Nevada 89119  
(702) 486-0760 Fax (702) 486-0765  
www.mld.nv.gov

DIANNE CORNWALL  
Director

JOSEPH L. WALTUCH  
Commissioner

Complainant: Ronald P. McCrea

Respondent: Milo Lewis

Subject: Affidavit in support of complaint response and attachments

AFFIDAVIT

Pursuant to NRS 53.045 I declare under penalty of perjury under the law of the State of Nevada that statements made in response to the complaint and the documents being provided herein are true and correct.

Executed on 02/22/2010

Milo Lewis (Date)  
Milo Lewis (Signature)

Milo Lewis, Owner  
(Print Name and Title)

**THIS FORM MUST BE SIGNED AND RETURNED WITH YOUR RESPONSE.**

**CERTIFICATE OF SERVICE**

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on , May 5, 2010, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO IMPOSE FINE AND NOTICE OF RIGHT TO REQUEST HEARING for CLOUD 10 FINANCIAL, INC. AND MILO DANTE LEWIS, addressed as follows:


Milo Dante Lewis  
Cloud 10 Financial, Inc.  
10 North California Street  
Stockton, CA 95377

Certified Receipt Number: 7006 2760 0000 0876 3602

Milo Dante Lewis  
Cloud 10 Financial, Inc.  
640 Tracey Jean Court  
Tracey, CA 95377

Certified Receipt Number: 7006 2760 0000 0876 3619

**DATED this 4th day of May, 2010**

By:   
Employee of the Division